



To: All Rental Housing Tax Credit Recipients

Notice: MFD-09-25

From: IHCD Multi Family Department

Date: July 24, 2009

Re: Change 3 to Handbook 4350.3 REV-1 "Occupancy requirements of Subsidized Multifamily Housing Programs"

Please note Change 3 is effective August 1, 2009. Changes are designated by an asterisk (*) at the beginning and ending of the change, Chg-3 in the header and the date 06/09 is reflected at the bottom of each affected page.

The changes are as follows:

Corrected Formatting

This occurs in Paragraphs 1-3.C.4 and 5, 1-4.B.2 and 1-5 and 6-25.E.2. There is also a format change in the Exhibit 3-9 Option Sheet.

Chapter 1, Introduction

In paragraph 1-7.B.3, the web address for HUD Office of Fair Housing Intranet Website for Civil Rights Front-end Review and the web address for the TRACS website in Paragraph 1-7.B.5 have been corrected.

Chapter 2, Civil Rights and Nondiscrimination Requirements

In order to be consistent with the language in Paragraph 4-12.B.5, HUD added "or the plan is required by a housing assistance contract" in Paragraph 2-5.D.1.a.

The web address was also corrected for the Listing of ADA Regulations and Technical Assistance Materials, Department of Justice in Paragraph 2-26.E.

Chapter 3, Eligibility for Assistance and Occupancy

In Paragraph 3-4, "college" was removed from the title of the referenced Paragraph 3-13 to be consistent with the title of Paragraph 3-13.

The requirements for a live-in aide were revised in Paragraph 3-6.E.3.

The instructions for obtaining access and use of the SAVE system for verifying citizenship/immigration status was updated in Paragraph 3-12.H.

In paragraph 3-12.L.1.b, information on access to the SAVE system was updated.



Paragraph 3-13.A.2.f was corrected to read “November 30, 2005.”

In Paragraph 3-13.B, justification was provided that the paragraph applies to eligibility of students for assistance programs other than Section 8. There is also clarification that financial assistance is a mandatory exclusion from income.

In Exhibit 3-12, enlightenment is given that the TTP used in A.2. is the TTP the family would pay without prorations.

In Exhibit 3-14, explanation is given that the Section 236 basic rent is to be used in the calculations.

Chapter 4, Waiting List and Tenant Selection

In Figure 4-2 “to receive Section 8 assistance” in A.8 was removed and the numbering was corrected in section B.

Paragraph 4-4.C.8 now reads “The plan must include the requirements for determining eligibility of students enrolled at an institution of higher education.”

In Paragraph 4-5.A, HUD added that income targeting does not apply to RAP, Rent Supplement, Section 221(d) (3) BMIR and Section 236 programs.

The Race and Ethnic data reporting Form number was corrected in Paragraph 4-14 A.3 to read HUD-27061-H.

Chapter 5, Determining Income and Calculating Rent

To be in compliance with the regulations at 24 CFR 5.609, the income requirements were corrected for a foster child and foster adult in Figure 5-2.

In paragraph 5-6C, information was added on the treatment of deployment of military personnel to active duty (Housing Notice H 03-07). The remaining sub-paragraphs of paragraph 5-6 were renumbered as a result.

In Paragraph 5-6.K.4 (now 5-6.L), the same requirements for determining annual income when Federal Government pension funds are paid directly to an applicant’s/tenant’s former spouse pursuant to the terms of a court decree of divorce, annulment or legal separation also apply to Uniformed Services pensions have been added.

In Paragraph 5-6.K.5 (now 5-6.L), a new paragraph was added for determining annual income when other state, local government, social security or private pension funds are paid directly to an applicant’s/tenant’s former spouse pursuant to the terms of a court decree of divorce, annulment or legal separation.

In Paragraph 5-7.G.5, the same requirements applicable to Federal Government employee pensions, now apply to Uniformed Services employee pensions.

A new paragraph was added with the requirements applicable to other state, local government, social security or private pensions, in Paragraph 5-7.G.6.

In Paragraph 5-7.G.8.c, “However, if the owner elects to only include the income for a partial remaining year as shown in the example below, an interim recertification should not be conducted” has been added.

Paragraph 5-15.B.1 now reads, “Each family member who is at least 18 yrs of age and the head, spouse or co-head, regardless of age...”

In Paragraph 5-26.D, it has been added that Section 8 Minimum Rent does not apply to the Rent Supplement, RAP, Section 221(d)(3) BMIR or Section 236 programs.



In Exhibit 5-1, Income Inclusions, 9, paragraph 9 does not apply to a student who is living with his/her parents who are applying for or receiving Section 8 assistance.

Chapter 6, Lease Requirement and Leasing Activities

The HUD-50059-A was added as an attachment to the lease when required in Paragraph 6-5.A.4.

In Paragraph 6-9.B, a new paragraph was added stating that owners may develop rules covering tenants conducting incidental business, such as computer work or limited babysitting, etc. in their units and who receive incidental business income. The remaining sub-paragraphs were renumbered as a result.

In Paragraph 6-11, the HUD-50059-A was added to serve as an addendum to the lease identifying change in rent.

In paragraph 6-11.B.4, when applicable, the HUD-50059-A must be provided to the tenant and placed in the tenant file.

In Paragraph 6-27.B.1.f, when required, the HUD-50059-A is an attachment to the lease. The HUD-50059-A was added in Figure 6-8 and Exhibit 6-6.

Chapter 7, Recertification, Unit Transfers and Gross Rent Increases

In Paragraph 7.6A, it is clarified that when HUD or the Contract Administrator terminates assistance payments when a new recertification is not submitted within 15 months of the previous year's recertification anniversary, the owner must repay the assistance collected for the 3-month period from the date the annual recertification should have been effective through the end of the 15th month when assistance was terminated.

Paragraph 7-11.A2 was changed to read "\$200 or more a month" to be in compliance with the language of the lease.

The HUD-50059 was changed to reflect the new HUD-50059-A for gross rent changes in paragraph 7-17.D and E.

Paragraph 7-17.F was changed to clarify that the HUD-50059-A needs to be signed when there is a change in the amount of rent the tenant is required to pay or in the utility reimbursement the tenant will receive.

Chapter 8, Termination

In Paragraph 8-5.F. "Section 8" and Paragraph 8-10, "as outlined in paragraph 8-9 B above" were removed.

The requirements for retention of criminal records obtained by the PHA and owner were validated in Paragraph 8-14.C.13 and 14.

Chapter 9, Required HUD-50059 and Subsidy Data Reporting

Chapter 9 has been reissued in its entirety to incorporate inclusion of TRACS 202C requirements.

In paragraph 9-8.C, owners will now have 60 days from the date of a gross rent increase is implemented to obtain needed signatures when there is a change in the amount of rent the household must pay or a change in utility reimbursement.

Requirements have been added to the residual receipts account and returning subsidy to HUD for PRAC projects in Paragraph 9-12.D.2.

Glossary

The definition of Operating Rent (PRAC) and the Exhibit reference in the definition for Total Tenant Payment have been corrected.

Appendices

In Appendix 4, the content has been separated for ease in printing the leases and instructions for completing the leases.

The lease term instructions have been changed in Paragraph 2 of Appendix 4-E and Paragraph 1 of Appendices 4-F and 4-G.

Exhibits

Links were added in Chapters 2, 3, 4, 5 and 7.

